

DEPARTMENTAL OFFICES

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate 2/	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses ^{1/}	181.1	175.1	185.0	9.9	5.6%
Treasury Building and Annex Repair and Restoration	28.7	24.9	20.3	-4.6	-18.5%
Air Transportation Stabilization Program Account	6.0	2.5	2.8	0.3	12.0%
Expanded Access for Financial Services	[2.0]	0.0	0.0	0.0	0.0 %
Net Appropriation Request	215.8	202.5	208.1	5.6	2.8%

1/ FY 2003 Salaries and Expenses amount was adjusted to reflect resources transferred to the Department of Homeland Security. Funding for Expanded Access was appropriated but not authorized.

2/ FY 2004 estimate reflects Conference Mark included in the FY 2004 Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Departmental Offices (DO) budget request responds to four areas of high importance: 1) financial assistance for the Turkey Financing Facility that will administer and implement an \$8.5 billion loan agreement with Turkey; 2) USSS security protection for the Secretary of the Treasury; 3) establishment and maintenance of a viable plan for ensuring the continuity of essential functions during emergency conditions as required under PDD 67 and EO 12656; and 4) Contributions to the Joint Financial Management Improvement Program (JFMIP) and the Federal Accounting Standards Advisory Board (FASAB).

The FY 2005 request also supports the Treasury Building and Annex Repair and Restoration program as it nears completion, and the ongoing requirements of the Air Transportation Stabilization Program Account.

Purpose of Program

The Salaries and Expenses appropriation supports the policy and oversight activities of the Secretary and his staff for Treasury Department areas of responsibility. These areas include the implementation and management of domestic and international financial services, and tax, economic, and financial crimes policies that may pertain to either the Department or the Federal Government. The Treasury Building and Annex Repair and Restoration appropriation supports capital costs to complete the repair and restoration of Treasury's buildings. The Air Transportation Stabilization Program Account supports the Air Transportation Stabilization Board, which issues and manages a portfolio of loan guarantees to U.S. air carriers. The Expanded Access to Financial Services appropriation supports projects that expand literacy and access to financial institutions for low and moderate income Americans.

DEPARTMENTAL OFFICES

Program Description and Benefits

Activities of the Departmental Offices include:

- ❑ **Economic Policy:** Monitoring current and prospective macro- and micro-economic developments; collecting and analyzing international financial data, including foreign credits and credit guarantees; supporting consistency of government-wide economic programs; executing U.S. international financial policies; and analyzing international trade and investment functions and researching financial issues.
- ❑ **Financial Policy:** Developing tax policies and programs; officially estimating all governmental receipts; reviewing regulations and rulings to administer the Internal Revenue Code; negotiating tax treaties for the United States; providing economic and legal policy analysis; overseeing domestic finance, banking and financial institutions, and financial markets; community development; government asset privatization; public debt financing, daily government cash flow, and the Debt Collection Improvement Act.
- ❑ **Financial Crimes Policy:** Managing and providing policy development and support of combating financial crimes; developing, implementing, and enhancing the effectiveness of national money laundering strategies and activities. These activities assist the Federal Government in seizing terrorist assets and implementing financial sanctions that freeze terrorist assets.
- ❑ **Treasury-wide Management Policy:** Implementing the functions of the Chief Financial Officer (CFO), the Government Performance and Results Act (GPRA), and the Information Technology Management Reform Act, which include efficient and effective use of the Treasury's assets and resources.
- ❑ **Treasury-wide Financial Statement Audits:** Providing resources for audits for Departmental Offices and Treasury bureaus.

Program Performance

During FY 2005, DO will continue exercising Treasury's policymaking and oversight responsibilities. Domestically, DO will track, among other things, Treasury's impact on the growth and stability of domestic financial institutions and markets, fair and efficient taxation, the index of borrowing policies and borrowing requirements to financial market participants, and the development of sound and effective economic policies. Internationally, DO will maintain or improve the economic conditions in developing countries, developing debt reduction agreements for poor countries, and meeting current U.S. financing commitments, including paying all arrears to multilateral development banks.

Internally, DO will continue to implement the President's Management Agenda. DO will lead efforts to enhance bureau and departmental management operations and performance. DO will achieve this by improving the quality and timeliness of financial systems information, effectively monitoring the investment and tracking of assets, and improving acquisition and competition practices.

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENT PROGRAM

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate 1/	FY 2005 Request	Increase or Decrease	
				\$millions	percent
HR Connect:					
Development	8.1	8.2	0.0	-8.2	-100.0%
Deployment	3.2	3.1	0.0	-3.1	-100.0%
Infrastructure	7.0	7.0	7.2	0.2	2.9%
Operation and Maintenance (including IRS)	7.3	7.0	10.3	3.3	47.1%
Subtotal, HR Connect:	25.6	25.3	17.5	-7.8	-30.8%
Integrated Wireless Network	6.9	0.0	1.5	1.5	NA
Critical Infrastructure Protection	8.9	9.0	5.8	-3.2	-35.6%
Asset Management Information System	0.2	0.0	0.2	0.2	NA
Treasury Back-up Disaster Recovery Capacity	1.7	1.7	1.7	0.0	0.0%
Enterprise Architecture	0.2	0.2	1.0	0.8	400.0%
Information Assurance (Security)	0.0	0.0	1.0	1.0	NA
IT Governance	0.0	0.0	0.3	0.3	NA
Operational Security	0.0	0.0	1.0	1.0	NA
Identification Management and E-Authentication	0.0	0.0	0.6	0.6	NA
E-government Initiatives	0.0	0.0	5.5	5.5	NA
Net Appropriation Request	43.5	36.2	36.1	-0.1	-2.8%

1/ FY 2004 estimate reflects Conference Mark included in the FY 2004 Consolidated Appropriations (H.R. 2673).

NA – FY 2005 request amount is an increase over zero funding in FY 2004.

Explanation of FY 2005 Request

- ❑ **HR Connect:** Treasury will complete all pending projects scheduled for completion by the end of FY 2004, so funding requirements are lower in FY 2005. Treasury will continue to develop and implement modest new functionality and services as part of its baseline service (“lights-on”), and will adopt a release approach to delivering new functionality (funded at one new release per quarter). Clients requesting any additional implementations or major enhancements will fund those requests individually.
- ❑ **Integrated Wireless Network:** In FY 2004, Treasury transferred the entire budget for the Integrated Wireless Treasury network to the Department of Homeland Security. Treasury still retains a requirement to continue managing wireless assets for the Internal Revenue Service-Criminal Investigations, Treasury Inspector General for Tax Administration, Bureau of Engraving and Printing, Mint, and Departmental Offices.
- ❑ **Critical Infrastructure Protection:** Critical Infrastructure Protection (CIP) resources are required to sustain current CIP efforts including those associated with National Security Emergency Preparedness and Homeland Security.

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENT PROGRAM

- ❑ **Treasury Back-up/Disaster Recover Capacity:** Treasury's request continues efforts on the disaster recovery initiative of the Chief Information Officer (CIO) organization. These critical efforts protect many of the Treasury's technology systems and continuity of operations for key Treasury officials and functions in the event of a disaster.
- ❑ **Information Assurance (Security):** Treasury must ensure the protection of its information systems and maintain a security level commensurate with the sensitivity of the data provided.
- ❑ **IT Governance:** The request funds resources to conduct independent analyses and implement changes enterprise-wide. This funding is critical to coordinate and continue effective planning and implementation of the governance program in concert with the Treasury enterprise architecture, to streamline an IT portfolio that better supports the mission and goals of the Department, and to ensure the incorporation of IT security throughout the life cycle of each system.
- ❑ **Operational Security:** These funds expand the scope and services provided through the Treasury Computer Security Incident Response Capability (TCSIRC) through automated cyber security assessment and vulnerability remediation capability.
- ❑ **Identification Management and E-Authentication:** E-Authentication and E-Identity management functions are increasingly being integrated into both the cyber and physical security spaces. Treasury will use the funds to establish a management office that interfaces with Treasury, its bureaus and external entities involved in this emerging landscape.
- ❑ **E-government Initiatives:** This critical government-wide initiative consolidates redundant information systems and is part of the President's Management Agenda.

Purpose of Program

The Department-wide Systems and Capital Investments Program budget addresses issues having Departmental stature because they cut across multiple Treasury bureaus or involve Treasury interface with other government agencies.

Program Performance

Bureaus deriving support from this appropriation reflect beneficial results within their respective performance measures.

OFFICE OF THE INSPECTOR GENERAL

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate 1/	FY 2005 Request	Increase or Decrease	
				\$ Millions	Percent
Salaries and Expenses	11.0	12.9	14.2	1.3	10.1%

1/ FY 2004 estimate reflects the Conference Mark included in the FY 2004 Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Office of Inspector General (OIG) requests funds to conduct audits and investigations of Treasury's programs and operations as required by the Inspectors General Act.

Purpose of Program

In 1989, the Secretary of the Treasury, as a result of the 1988 amendments to the Inspector General (IG) Act, established the OIG. Section 2 of the IG Act sets out the following major duties and responsibilities of our office:

- ☐ Conduct and supervise audits and investigations.
- ☐ Provide leadership and coordination of policies that:
 - promote economy, efficiency, and effectiveness in Treasury programs and operations; and
 - prevent and detect fraud and abuse in Treasury programs and operations.
- ☐ Provide a means for keeping the Secretary and the Congress fully and currently informed about problems and deficiencies in Treasury programs and operations.
- ☐ Submit semiannual reports to the Congress, through the Secretary of the Treasury, summarizing the activities of the OIG during the preceding period that disclose problems, abuses, and deficiencies in the administration of Treasury programs and operations. These semiannual reports also discuss the recommendations for corrective action made by the OIG.

The Office and Bureaus under OIG jurisdiction includes the 8 Treasury Bureaus (not including the Internal Revenue Service) and all Departmental Offices, including the following offices: Executive Office for Terrorist Financing and Financial Crimes, Office of Foreign Assets Control, Executive Office for Asset Forfeiture, Exchange Stabilization Fund, Community Development Financial Institutions Fund, Federal Financing, Office of D.C. Pensions, and Air Transportation Stabilization Board.

Program Description and Benefits

The OIG's responsibilities funded by this appropriation include:

- ☐ Conduct and supervise audits, investigations, and evaluations of Treasury programs and operations to:
 - promote economy, efficiency, and effectiveness in Treasury programs and operations; and
 - prevent and detect fraud and abuse in Treasury programs and operations.

OFFICE OF THE INSPECTOR GENERAL

- ☐ Provide a means for keeping the Secretary and the Congress fully and currently informed about problems and deficiencies in Treasury programs and operations.

Program Performance

OIG expects to achieve the following levels of performance in selected program areas in FY 2005, subject to requested funding:

- ☐ 100 percent of audits and evaluations sampled will meet applicable standards.
- ☐ Complete 53 audits and evaluations.
- ☐ Complete 100 percent of audits required by statute by the required date.
- ☐ 100 percent of investigations sampled will meet PCIE standards.
- ☐ Refer 7 investigations for prosecution within one year of initiation.
- ☐ Refer 15 routine misconduct investigations to management for administrative adjudication within four months of initiation.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate ^{1/}	FY 2005 Request	Increase or Decrease	
				\$Millions	Percent
Salaries and Expenses	124.2	127.3	129.1	1.8	1.5%

^{1/} FY 2004 amounts reflect Conference Mark included in Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Treasury Inspector General for Tax Administration (TIGTA) provides critical audit and investigative services to ensure the integrity of tax administration on behalf of the nation's taxpayers. TIGTA protects the public's confidence in the tax system by assisting the Internal Revenue Service (IRS) in achieving its strategic goals, and identifying and addressing IRS' material weaknesses, and implementing the President's Management Agenda and the Department of the Treasury's priorities. Further, TIGTA undertakes various investigative initiatives designed to protect the IRS against external threats to systems and/or employees, as well as conveying information to the IRS about potential terrorist attacks or other threatening activities.

As TIGTA continues to face the challenge of delivering responsive, quality audit and investigative services in an ever-changing environment, it is incumbent on TIGTA to provide useful, balanced information that helps the Department of the Treasury and the IRS achieve their strategic missions. TIGTA ensures that its efforts are focused in those areas that pose the greatest risk to tax administration.

Purpose of Program

TIGTA conducts audits and investigations to assess the operations and programs of the IRS, the IRS Oversight Board, and the IRS Office of Chief Counsel to: (1) promote the economic, efficient, and effective administration of the nation's tax laws and to detect and deter fraud, waste, and abuse in IRS programs and operations; (2) recommend actions to resolve fraud and other serious problems, abuses, and deficiencies in these programs and operations, and (3) keep the Secretary and the Congress fully and currently informed of these issues and the progress made toward resolving them. In addition, TIGTA reviews existing and proposed legislation and regulations relating to the programs and operations of the IRS and makes recommendations concerning the impact of such legislation and regulations on the economy and efficiency in the administration of programs and operations of the IRS.

Program Description and Benefits

Promote the economy, efficiency, and effectiveness of Tax Administration

TIGTA's audits and investigations identify opportunities to improve the administration of the nation's tax laws. TIGTA's comprehensive, independent performance and financial audits of IRS programs and operations focus on mandated reviews and on high-risk challenges facing the IRS. The audits address a variety of issues, including information technology; computer and employee security; tax compliance initiatives; performance and financial management; taxpayer protection and rights; tax return processing; customer service; and tax fraud. Recommendations result in cost savings, as well as other quantifiable impacts, such as protection of revenue and increased revenue.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

TIGTA undertakes various investigative initiatives designed to protect the IRS against external threats that would impede the efficient and effective administration of its operations. These investigative initiatives identify individuals who espouse violence against IRS employees or who otherwise would pose a threat to the safety of IRS employees as they carry out their work. They also provide necessary information for IRS officials to make anticipatory or proactive operational decisions about potential terrorist attacks or other activities that would pose a threat to IRS systems and operations.

Protect the Integrity of Tax Administration

To combat fraud, waste and abuse, our investigative work is centered on IRS criminal and administrative misconduct that could weaken the public's trust in government and impede effective tax administration. To heighten integrity awareness and to provide a deterrent effect against fraud, waste, abuse and misconduct, TIGTA conducts integrity awareness presentations for IRS employees, as well as law enforcement agencies, tax practitioners and community groups.

TIGTA also performs audits to determine if the IRS adequately ensures fair and equitable treatment of taxpayers. Audit recommendations result in cost savings, as well as other quantifiable impacts, such as reduction of taxpayer burden; protection of taxpayer rights and entitlements; taxpayer privacy and security; and protection of IRS resources.

Program Performance

TIGTA expects to achieve the following levels of performance in selected program areas in FY 2005, subject to requested funding:

- ☐ Identify \$1.12 billion in potential financial accomplishments that result from TIGTA's audit and investigative activities.
- ☐ Potentially Impact 12.7 million taxpaying entities, by making audit recommendations, which result in protected rights and entitlements; reduced taxpayer burden; and improved privacy and security.
- ☐ Provide integrity briefings to 33 percent of IRS employees during the fiscal year.
- ☐ Achieve a 75 percent positive response rate on employee satisfaction survey.

FINANCIAL CRIMES ENFORCEMENT NETWORK

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate1/	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	51.4	57.2	64.5	7.3	12.7%

1/ FY 2004 estimate reflects Conference Mark included in the FY 2004 Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Financial Crimes Enforcement Network (FinCEN) request will enable FinCEN to strengthen and refine the existing anti-money laundering framework for U.S. financial institutions; expand the regulations as appropriate to industries vulnerable to money laundering, terrorist financing, and other crime; and support efforts by other governments to develop or strengthen their regulatory frameworks. The request will also allow FinCEN to strengthen the processes for collecting and disseminating Bank Secrecy Act (BSA) data to its customers. These processes include a new user-friendly interface that will provide customers quick and easy access to the information they need, full automation of the alert process, and enhanced analytic tools. Finally, the request will enable FinCEN to enhance further its analytical products and services, including investigative case reports, country and regional money laundering threat assessments, and information on investigative targets developed from proactive analysis of the BSA data.

Purpose of Program

FinCEN's mission is to collect, analyze, and share the information needed to combat the financial aspects of criminal activity worldwide. FinCEN achieves this mission by: (1) administering the BSA, our nation's comprehensive anti-money laundering statute, and (2) analyzing and sharing the BSA information with U.S. law enforcement and international counterparts, to assist them in identifying and tracking the financial aspects of criminal investigations.

Program Description and Benefits

FinCEN's responsibilities funded by this appropriation include:

- ☐ **Expanding the Regulatory Framework.** This effort encompasses the expansion of regulatory frameworks, domestically and internationally, to help make financial transactions more transparent and deter the misuse of the U.S. and global financial systems by money launderers and terrorists. The information provided by financial institutions not only helps prevent money laundering and other financial crime, but also plays an important role in creating an audit trail that law enforcement can use to investigate financial crime.
- ☐ **Collecting and Sharing Information.** Accelerate the flow of valuable information to law enforcement and the regulatory community by providing customers direct access to the BSA data in a format that is easy to retrieve and understand.
- ☐ **Providing Analytical Services and Products.** Enhance the quality of analytical and investigative support to the financial, regulatory, and law enforcement communities for identifying potential criminal violations related to money laundering and terrorist financing.

FINANCIAL CRIMES ENFORCEMENT NETWORK

Program Performance

FinCEN expects to achieve the following levels of performance in selected program areas in FY 2005, subject to requested funding:

- ☐ Expand regulatory oversight and outreach to the industries newly covered by anti-money laundering regulations, and any additional industries covered by the SAR reporting requirements.
- ☐ Transmit approximately 40 percent of all BSA filings electronically through the Patriot Act Communications System (PACS).
- ☐ Expand access to BSA data, from 1,000 in FY 2003 to 3,000 by FY 2005.
- ☐ Increase the share of FinCEN's customers who rate its investigative case reports as valuable by 2 percent (to 73 percent) by FY 2005.
- ☐ Improve investigative case reports to meet customer expectations, improve timeliness of the investigative case reports, and increase the number of subjects referred in the investigative analytical reports.
- ☐ Send out over 250 Law Enforcement and Financial Institution Information Sharing (LEFIIS) requests from law enforcement. FinCEN expects these requests will generate over 10,000 responses from financial institutions, compared to 142 LEFIIS requests and 6,472 responses in FY 2003.
- ☐ Prepare approximately 90 strategic analytic products to address areas related to terrorism and money-laundering.

FINANCIAL MANAGEMENT SERVICE

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate ^{1/}	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	220.6	227.2	230.9	3.7	1.6%

1/ FY 2004 amounts reflect Conference Mark included in Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Financial Management Service (FMS) request provides funds to continue its performance in providing critical services to millions of United States taxpayers and its other customers, while maintaining a high level of success in achieving Treasury's and FMS' strategic goals. FMS' FY 2005 request supports the President's Management Agenda initiative to improve the financial performance of the United States Government, with a major focus on expanding e-commerce applications, and embodies Treasury's leadership strategy to create value for the American people and focus on innovation.

Purpose of Program

FMS' activities encompass all work performed to improve the quality of government financial management and include implementing payment policy and procedures for the Federal Government, issuing and distributing payments, promoting the use of electronic methods in payment and collection processes, assisting agencies in converting payments from paper checks to electronic funds transfer (EFT), operating the Federal government's collection and deposit systems, centrally managing and collecting delinquent debts owed to the Federal Government, and providing government-wide accounting and reporting services.

Program Description and Benefits

FMS' responsibilities funded by this appropriation include:

- ☐ Producing accurate, accessible, and timely government-wide financial information and reports that contribute to improved quality of the nation's financial decision making by providing financial accounting and reporting services for the Government-at-large, collecting financial information from federal program agencies and publishing government-wide financial reports.
- ☐ Providing federal payments timely and accurately; moving toward an all-electronic system for payments; determining the optimal payment processing environment for the future; disbursing more than \$1 trillion in payments to Social Security beneficiaries, federal employees, government vendors and others; and expanding the use of electronic funds transfers for payments.
- ☐ Providing timely collection of Federal Government receipts, at the lowest cost, through an all-electronic system by administering the world's largest collections system, collecting over \$2 trillion annually through both electronic and paper-based mechanisms and developing government-wide solutions to convert paper collections to electronic.

FINANCIAL MANAGEMENT SERVICE

- ☐ Facilitating the achievement of a clean/unqualified audit opinion on the *Financial Report of the U.S. Government* through FMS' internal operations and support to government agencies in support of the Government Management Reform Act of 1994, which requires annual financial statements for the U.S. Government as a whole and 24 major agencies.
- ☐ Maximizing collection on government delinquent debt by managing government-wide delinquent debt collections as required by the Debt Collection Improvement Act of 1996 (DCIA). This includes maintaining and operating the Treasury Offset Program (TOP), a centralized offset program developed by FMS to assist federal agencies and states in the collection of delinquent debts. FMS also operates the Cross-servicing Program, a centralized debt collection process that collects delinquent debts referred from federal program agencies through the use of various tools, including private collection agencies.
- ☐ Establishing policies and processes to facilitate the integration of e-commerce technologies into the payments and collections infrastructure by maintaining current systems that support the vast majority of federal EFT payments and collections made via the Automated Clearing House (ACH), the Federal Reserve Fedwire System, and by credit card.

Program Performance

FMS expects to achieve the following levels of performance in selected program areas in FY 2005, subject to requested funding.

- ☐ Process paper check and EFT payments timely and accurately 100 percent of the time.
- ☐ Make 76 percent of Treasury payments and associated information available electronically.
- ☐ Collect electronically 82 percent of the total dollar amount of federal government receipts.
- ☐ Manage \$12 billion in lockbox collections through Pay.gov.
- ☐ Collect \$3 billion of delinquent debt through all available tools.
- ☐ Have agencies refer 92 percent of their eligible delinquent debt.
- ☐ Issue timely and accurate government-wide accounting reports.
- ☐ Work with agencies to achieve a clean/unqualified audit opinion on the *Financial Report of the U.S. Government*.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted ^{1/}	FY 2004 Estimate ^{2/}	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	79.0	79.5	81.9	2.4	2.5%

1/ FY 2003 enacted is adjusted to reflect full-year comparable funded level.

2/ FY 2004 amounts reflect Conference Mark included in Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Alcohol and Tobacco Tax and Trade Bureau (TTB) request maintains a program level consistent with the current level of effort necessary to support TTB's responsibility for revenue collection and enforcement of laws and regulations governing alcohol and tobacco commodities. Funding in FY 2005 also supports the revenue collection function for the firearms and ammunition excise tax.

Purpose of Program

The passage of the Homeland Security Act of 2002 established the Alcohol and Tobacco Tax and Trade Bureau (TTB) within the Department of the Treasury on January 24, 2003. This Act authorized the transfer of all the firearms, explosives, and arson functions of the Bureau of Alcohol, Tobacco and Firearms (ATF) to the Department of Justice - with the exception of the administration of the Federal excise tax on firearms and ammunition. TTB collects significant revenues for the government and performs crucial investigations of tax fraud and deception associated with alcohol and tobacco commodities. TTB works to ensure the public's safety through its efforts of commodity testing and enforcement of labeling regulations for alcohol beverage products.

Program Description and Benefits

Collect the Revenue: Provide the most effective and efficient system for the collection of all revenue that is rightfully due; eliminate or prevent tax evasion and other criminal conduct; and provide high quality service while imposing the least regulatory burden. TTB is moving toward advancements in electronic filing and modernize document processing to ensure the effective and timely collection of all eligible revenues. TTB investigates and assists with the prosecution of business entities suspected of tax evasion schemes, including diversion and smuggling of taxable commodities.

Protect the Public: Prevent consumer deception; ensure that regulated alcohol and tobacco products comply with Federal commodity, safety, and distribution requirements; and provide high quality customer service. TTB works with industry, state governments, and other interested parties to simplify compliance with regulatory requirements. TTB provides technical expertise, training, information, and research results to industry members, government agencies and others in order to better protect the public. TTB relies on innovation, partnerships, and open communication to ensure the safety of the public.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Program Performance

TTB will pursue the following levels of performance for FY 2005, subject to requested funding:

- ☐ Collect \$14.6 billion in taxes and fees from the alcohol, tobacco, firearms and explosives industries.
- ☐ Collect \$250 in taxes and fees for every dollar of appropriated funding expended.
- ☐ Achieve 10 percent of taxpayers filing excise tax returns and monthly operating reports electronically.
- ☐ Process 65 percent of Certification and Label Approval (COLA) (electronic and paper) within nine calendar days.
- ☐ Establish a baseline for responding to unsafe products reported with appropriate action within 48 hours.

Process and complete 90 percent of nonbeverage formula submissions and Specially Denatured Alcohol formula submissions within 10 days of receipt.

BUREAU OF ENGRAVING AND PRINTING

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate	FY 2005 Estimate	Increase or Decrease	
				\$millions	percent
Revenue	518.1 [†]	539.0	587.0	48.0	8.9%

[†] Revenue from Sales – audited number from FY 2003 in CFO's Report.

Explanation of FY 2005 Estimates

The Bureau of Engraving and Printing (BEP) budget request maintains its capability to produce and deliver quality United States currency, postage stamps and other government securities to its customers in the most cost effective manner, while aggressively implementing a major redesign of currency. With the funds estimated in this budget, BEP plans to update technology, develop the workforce and improve work processes. Significant resource investments have been and continue to be made as the Bureau transitions to full production of redesigned, next generation currency for the higher denomination notes.

Purpose of Program

The BEP operates under authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321 (a)(4) to engrave and print currency and security documents. BEP finances operations through use of a revolving fund. BEP receives reimbursements from customer agencies through product sales for the direct and indirect costs of operations, including administrative expenses, the cost of capital equipment, and the provision of working capital. This precludes the need for appropriations.

Program Description and Benefits

The BEP's responsibilities funded by this authority include:

- ☐ Designing, manufacturing, and supplying U.S. currency, postage, and various government securities.
- ☐ Accounting for and destroying security waste products.
- ☐ Providing maintenance services for BEP's buildings, plants, machinery and equipment.
- ☐ Conducting research and development programs for improving the quality of products, reducing manufacturing costs, and strengthening deterrents to counterfeiting of government securities.

Program Performance

BEP expects to achieve the following levels of performance in selected program areas in FY 2005:

- ☐ Manufacturing costs for currency will not exceed \$35 per thousand notes produced.
- ☐ Maintaining/Upgrading ISO Certification.

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- ☐ Delivering currency notes to the Federal Reserve that meet customer quality requirements 99.9 percent of the time. (This measure is more rigorous than the previous measure - number of notes returned due to manufacturing defects - as it includes both overt and covert counterfeit deterrent features.)
- ☐ Currency shipment discrepancies (overages or underages) in shipments of finished notes to the Federal Reserve Banks will be less than .0100 per million notes.

U.S. MINT PUBLIC ENTERPRISE FUND

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate	Increase or Decrease	
				\$millions	percent
Revenue†	834.0	981.0	995.0	14.0	1.4%

† Revenue reflects total budgetary resources available for obligation.

Explanation of FY 2005 Request

The 1.4 percent increase in FY 2005 reflects forecasted increases in coin shipments. The Mint plans to deliver 16.1 billion circulating coins and Fifty State Commemorative quarters to the Federal Reserve System in FY 2005 compared to 15.7 billion in FY 2004. This includes 13.0 billion circulating coins and 3.1 billion circulating quarters for the seventh year of the Fifty States Commemorative Coin Program, with the issuance of the next five coins in the ten-year series. The Mint plans to deliver 22 million products to numismatic customers in both FY 2004 and FY 2005. The estimated coin demand largely depends on the condition of the U.S. economy; in a strong economy customers need more coins, while in a weaker economy customers need fewer coins. The economic conditions that develop in FY 2005 will ultimately determine the Mint's resource needs. In addition, the Mint will continue implementation of its new strategic plan to become a *World Class* organization consistent with the President's Management Agenda. The Mint continually reviews programmatic efforts in order to reduce or remove programs that produce little or no value. Budget and performance integration, as part of the President's Management Agenda, requires this kind of business review, with the emphasis on best results at the lowest total cost.

Purpose of Program

The U. S. Mint manufactures and delivers domestic circulating coinage, numismatic and bullion products, and provides security over assets including the government's stock of gold and silver bullion, coins, and coinage metals. The Mint Public Enterprise Fund finances these activities through use of a revolving fund authorized by Public Law 104-52 (31 U.S.C. § 5136). This precludes the need for appropriations.

Program Description and Benefits

The responsibilities of the United States Mint Public Enterprise Fund include:

- ☐ Manufacturing and distributing circulating coinage to meet Federal Reserve demand.
- ☐ Manufacturing, marketing, and distributing numismatic and bullion coins, medals, and other products for sale to collectors and the general public.
- ☐ Protecting Mint facilities, including the government's stock of gold and silver bullion, coins, and coinage metals at Mint locations.

U.S. MINT PUBLIC ENTERPRISE FUND

Program Performance

The Mint expects to achieve the following levels of performance toward bureau-wide targets in FY 2005:

- ☐ Reduce the cost of storing and carrying inventory by improving inventory turnover (the number of times per year that average inventory is sold) from 2.0 in FY 2003 to 4.2 in FY 2005.
- ☐ Increase yield (the percentage of raw material transformed into finished goods) from 86 percent in FY 2003 to 97 percent in FY 2005.

BUREAU OF THE PUBLIC DEBT

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Estimate1 /	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Administering the Public Debt	193.2	177.0	179.6	2.6	1.5%
Offsetting Maintenance Fees	-4.4	-4.4	-4.4	0.0	0.0%
Net Appropriation	188.8	172.6	175.2	2.6	1.5%

1/ FY 2004 estimate reflects the Conference Mark included in the FY 2004 Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Bureau of the Public Debt's funding level for FY 2005 supports efforts necessary to borrow the money needed to operate the Federal Government and to account for the resulting public debt.

Public Debt reduced its workload estimates in FY 2005 for savings bond redemptions based on the decline in the volume of redemptions in recent years. In addition, Public Debt plans to reduce its staffing levels due to plans for the termination of new issues of Series HH bonds and efficiencies gained through the successful implementation of the new TreasuryDirect system.

Purpose of Program

The Bureau of Public Debt administers the laws and regulations that apply to the financing of public debt, accounting for the public debt and related interest costs, and the issuing, servicing, and retirement of public debt securities.

Program Description and Benefits

Public Debt's responsibilities funded by this appropriation include:

- ☐ **Fiscal and Financial Policy:** Implementing regulations governing the primary issuance of Treasury securities and secondary market transactions involving government securities; issuing and redeeming Treasury securities; conducting various servicing transactions on outstanding securities including exchanges and transfers; receiving, auditing, recording, storing, and destroying redeemed securities and interest coupons; and protecting the investor by adjudicating claims on lost, stolen or destroyed securities.
- ☐ **Fiscal and Financial Policy – Accurate and Timely Information:** Establishing and maintaining accurate records of the sale and redemption of savings bonds; managing, issuing and accounting for investments on behalf of more than 200 government agencies and Federal Trust Funds; conducting auctions and announcing auction results in a timely manner; and recording and reporting accurate financial data concerning the public debt.
- ☐ **Management Policy – Customer Service:** Providing quality customer service and convenience to the investor by making savings securities available through a nationwide network of financial institutions issuing and paying agents; issuing marketable securities directly and through the Federal Reserve Banks; and enabling investors to request information and complete financial transactions using emerging electronic technologies.

BUREAU OF THE PUBLIC DEBT

Program Performance

Public Debt expects to achieve the following levels of performance in selected program areas in FY 2005, subject to requested funding:

- ☐ Provide accurate and timely public debt accounting information by:
 - Receiving unqualified audit opinions on the Schedule of Federal Debt and Loans Receivable.
 - Producing quarterly Public Debt financial statements, with a long-term goal of producing daily statements by FY 2007.
- ☐ Meet the borrowing needs of the Federal Government by:
 - Announcing auction results within 2 minutes \pm 30 seconds 95 percent of the time.
 - Increasing the number of bidders in Treasury auctions by 1.5 percent, with a long-term goal of 15 percent by FY 2010.
 - Having 5 percent of Treasury's Retail Debt held in the TreasuryDirect System, with a long-term goal of 50 percent by FY 2011.
- ☐ Provide quality service to retail investors by:
 - Completing 90 percent of retail customer service transactions within 13 business days, with a long-term goal of 10 business days by FY 2010.
 - Making 100 percent of retail securities interest and redemption payments timely and accurately.
 - Making 100 percent of Commercial Book Entry interest and redemption payments timely and accurately.
 - Processing 100 percent of Federal Investment Program transactions timely and accurately.
 - Conducting 55 percent of Government Agency customer transactions on-line, with a long-term goal of 80 percent by FY 2008.
- ☐ Fulfill customer expectations in the Retail Securities Services Activity by:
 - Having 90 percent of customers rate their overall satisfaction as good or excellent.
- ☐ Fulfill employee satisfaction in the Wholesale Services, Government Agency Investment Services, Retail Securities Services, and Summary Debt Accounting Activities by:
 - Having 70 percent of employees rate their job satisfaction as satisfied or better.

INTERNAL REVENUE SERVICE

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Proposed ¹	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Processing, Administration and Management	3,930.1	4,009.2	4,148.4	139.2	3.5%
Tax Law Enforcement	3,704.8	4,171.2	4,564.4	393.2	9.4%
Information Systems	1,621.8	1,581.6	1,641.8	60.2	3.8%
Business Systems Modernization	363.6	387.7	285.0	-102.7	-26.5%
EITC Compliance	145.1	n/a ²	n/a ²	n/a ²	n/a ²
Health Insurance Tax Credit Administration	69.5	34.8	34.8	0.0	n/a
Net Appropriation Request	9,834.9	10,184.5	10,674.4	489.9	4.8%

1/ FY 2004 amounts reflect Consolidated Appropriations bill (H.R. 2673).

2/ The FY 2004 Consolidated Appropriations bill (H.R. 2673) subsumed the EITC appropriation into the Tax Law Enforcement (TLE) appropriation. The FY 2005 President's Budget proposes to maintain EITC within the TLE account.

Explanation of FY 2005 Request

The Internal Revenue Service (IRS) budget request for FY 2005 is \$10.674 billion, \$490 million more than the FY 2004 Consolidated Appropriations (H.R. 2673) amount of \$10.185 billion. Most of this increase, \$300 million, will be used to substantially restore an enforcement presence to the IRS. Funding is also requested for reinvestments in customer service, maintenance of current levels of performance, annualization of FY 2004 enforcement increases, and physical infrastructure consolidation.

This budget will allow the IRS to apply its resources to those areas where non-compliance is greatest:

- ☐ Promoters of tax schemes
- ☐ Misuse of offshore accounts and trusts to hide or improperly reduce income
- ☐ Abusive corporate tax shelters
- ☐ Underreporting of tax by higher-income individuals
- ☐ Failure to file and pay large amounts of employment taxes

The IRS intends to establish this enforcement presence while maintaining and enhancing its customer service record. In addition, the budget request allows IRS to focus its business systems modernization approach to ensure that a smaller portfolio of investments yields projects that will reduce operating costs, increase cost avoidance, reduce taxpayer burden, and increase tax receipts.

Purpose of Program

IRS receives federal tax payments and is committed to providing top quality service by helping taxpayers understand and meet their tax responsibilities. They are also committed to helping taxpayers comply with tax laws and applying tax laws with integrity and fairness to all.

INTERNAL REVENUE SERVICE

Program Description and Benefits

IRS provides three primary services: Pre-Filing Services, Filing Services and Post-Filing Services.

- ☐ **Pre-Filing Services**—Provides taxpayer service before the return is filed to assist in the filing of a correct return. IRS continues to emphasize taxpayer education, outreach, increased volunteer support time and locations, expanding pre-filing agreements and rulings, and enhancing pre-filing customer support through electronic media.
- ☐ **Filing Services**-- Provides taxpayer service in processing filed returns and paying taxes, including electronic filing and payment. IRS continues to make progress in decreasing paper returns and increasing the use of electronic filing and payment methods. IRS is also increasing both the capacity and effectiveness of its telephone and in-person taxpayer support.
- ☐ **Post-Filing Services**—Applies tax laws and enforces compliance. IRS interacts with taxpayers after a return is or should have been filed to identify underreporting, non-filing, and non-payment. IRS continues to focus on improving the quality of examinations and investigations, increasing customer and employee satisfaction, increasing offers-in-compromise, and increasing case closures.

Program Performance

IRS expects to achieve the following levels of performance in selected program areas in FY 2005, subject to requested funding:

- ☐ Examine an additional 30,000 investor returns in the Small Business and Self-Employed (SB/SE) business unit and increase coverage of high-income taxpayers, generating an additional \$170 million in FY 2006. SB/SE also anticipates closing an additional 50,000 taxpayer delinquent accounts, resulting in an estimated \$215 million in additional revenue collections.
- ☐ Hire and train over 2,000 new staff in the Examination, Collection and Document Matching programs. These increases will generate some \$2.8 billion in direct enforcement revenue through FY 2007. Additional audits of investor returns and high-income taxpayers, together with 55,000 correspondence examinations, will yield more than \$1.0 billion during that same period and help to maintain an overall audit coverage rate of 0.57 percent. Collection closures will increase by 240,000, and taxpayer contacts through the Automated Underreporter Program by some 300,000 through FY 2007 -- generating an additional \$1.8 billion.
- ☐ Increase the overall audit coverage rate in the Large and Mid-Sized business unit from 5.1% in FY 2004 to 9.6% in FY 2007 and increase projected return closures by 63% from 16,067 returns in FY 2004 to 26,193 returns in FY 2007. Enforcement revenue recommended for the three years FY 2005 through FY 2007 should increase by over \$3 billion.
- ☐ Complete 229 significant Corporate Fraud investigations through FY 2007. Tax-related completed investigations will increase by approximately 20 percent over the FY 2003 level by FY 2007. In addition, IRS' Criminal Investigation Division is striving to reduce elapsed time on completed investigations by 30 percent from FY 2002 levels.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

Program Summary (dollars in millions)					
Appropriation Title	FY 2003 Enacted	FY 2004 Proposed ^{1/}	FY 2005 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	74.5	60.6	48.4	-12.2	-20.2%

1/ FY 2004 amounts reflect Conference Mark included in Consolidated Appropriations (H.R. 2673).

Explanation of FY 2005 Request

The Community Development Financial Institutions (CDFI) Fund FY 2005 request will enable the Fund to meet the needs of the financial network dedicated to improving the lives of our most economically deprived communities and citizens by helping CDFIs along the road to self-sufficiency so that they do not rely on subsidized operational funding to stay in existence. The CDFI Fund also manages the increasing demand and need for our assistance while achieving measurable results nation-wide with a broad network of Community Development Entities/Community Development Financial Institutions.

Purpose of Program

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities, and carries out the Community Development Banking and Financial Institutions Act of 1994. The Fund's investments work toward building private markets, creating healthy local tax revenues, and empowering residents by stimulating the creation and expansion of diverse community development financial institutions (CDFIs) and providing incentives to traditional banks and thrifts through the Bank Enterprise Award (BEA) Program. The CDFI Fund provides small infusions of capital to institutions that serve distressed communities and low-income individuals. The Fund's activities leverage millions of private-sector investments dollars from banks, foundations, and other funding sources.

Program Description and Benefits

The CDFI Fund's responsibilities funded by this appropriation include:

- ❑ **Promoting fair and efficient deliveries of credit and other financial services and helping to bring residents of distressed communities into the economic mainstream.** The Fund invests directly in CDFIs that satisfy quality standards and are able to raise private matching funds; provides training and technical assistance to improve the capacity of CDFIs; implements secondary market initiatives which draw in new sources of private institutional capital to support the activities of CDFIs; provides incentives to traditional financial institutions to increase their support of CDFIs and increase the lending and financial services they provide in distressed communities; and develops tax incentives designed to improve the prospects for economic growth in distressed areas and increase job opportunities for low-income workers.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

Program Performance

CDFI expects to achieve the following performance objectives in selected program areas with requested funding in FY 2005:

- ☐ Increase financing to businesses (including non-profit businesses) and individuals that are low wealth, have limited collateral, are located in underserved communities, or have other characteristics that prohibit them from getting business or commercial real estate loans or equity investments from traditional financial sources.
- ☐ Expand the supply and quality of housing units in underserved communities and increase homeownership in these markets by increasing the availability of housing financing that leverages conforming mortgages or that would likely not be made by traditional financial institutions.
- ☐ Expand access to affordable financial services for the “unbanked,” low-income people and others in underserved communities.
- ☐ Build the self-sufficiency and capacity of CDFI Fund awardees and certified CDFIs.